Employment in the Fourth District

Recent Fourth District unemployment rates show a distinct geographic pattern. Unemployment in the District’s southern and eastern counties generally exceeds the national average of 4.2%, while counties in the north and west have below-average rates. This may be related to shares of manufacturing employment, which follow roughly the opposite pattern. Counties in the south and east of the District tend to have lower shares of manufacturing employment (manufacturing calculated as a percent of total employment) than counties in the north and west.

The greatest variance in unemployment rates was seen in Kentucky, which had the lowest—as well as the highest—county unemployment rate in the District. The Lexington suburbs of Jessamine and Woodford counties both had an extremely low unemployment rate (1.6%). The highest unemployment rate (12.9%) was in Harlan County, located in the Appalachian Mountains along the Virginia border.

For unemployment rate changes, the geographic pattern is less clear. In counties where unemployment rates are currently low, there was not much change from the previous year. The largest changes, both negative and positive, were posted in counties that currently have high unemployment rates. The largest decrease occurred in Mercer County, Ohio, while the largest increase was seen in Letcher County, Kentucky.

Throughout the 1990s, unemployment rates for Kentucky, Ohio, and Pennsylvania were fairly close to the... (continued on next page)
national average. In 1999, these rates converged at about 4.2%. West Virginia’s unemployment rate remains significantly higher (about 6.4%). However, from its peak in the early 1990s, West Virginia’s rate has fallen by a much higher amount than rates in other Fourth District states.

The majority of the District’s counties have manufacturing shares that far exceed the U.S. average of 14.9%. (As we have seen, most of the counties with below-average manufacturing shares are in southern Ohio and eastern Kentucky.) The largest shares of manufacturing employment are found in Union County, Ohio, and Scott County, Kentucky (both about 54%). Each of these counties is home to an automobile assembly plant.

During the 1990s, the manufacturing share of employment declined in every Fourth District state, which was consistent with the national trend. Only West Virginia has a share that lags the national average.

The largest proportions of Fourth District manufacturing workers are employed in the production of industrial machinery, transportation equipment, and fabricated metals. The production of industrial machinery has grown more than twice as fast as total industrial production since 1992, while that of transportation equipment and fabricated metals has grown a bit more slowly than total industrial production. However, growth in the production of motor vehicles and parts, which makes up the bulk of the Fourth District’s transportation equipment industry, has proceeded at a faster rate than total industrial production.